

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

OR: HEALTH CARE FINANCING ADMINISTRATION

0 3 - 0 0 5

Pennsylvania

REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)

Title XIX - Medicaid

4. PROPOSED EFFECTIVE DATE

October 1, 2003

TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:

a. FFY \_\_\_\_\_ \$ \_\_\_\_\_

b. FFY \_\_\_\_\_ \$ \_\_\_\_\_

PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Supplement 8A to Attachment 2.6-A, pages 1 and 1a  
Supplement 14 to Attachment 2.6-A, page 1a  
Supplement 15 to Attachment 2.6-A, page 1

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Supplement 8A to Attachment 2.6-A, pages 1  
and 1 a  
Supplement 14 to Attachment 2.6-A, page 1a  
Supplement 15 to Attachment 2.6-A, page 1

10. SUBJECT OF AMENDMENT:

Medicaid Simplification - change in income eligibility deductions for TANF-related Medicaid.

GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Secretary of Public Welfare

11. SIGNATURE OF STATE AGENCY OFFICIAL:

Estelle B. Richman

12. TYPED NAME:

Estelle B. Richman

13. TITLE:

Secretary of Public Welfare

14. DATE SUBMITTED:

12/30/03

16. RETURN TO:

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

MAR 18 2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

10/1/2003

20. SIGNATURE OF REGIONAL OFFICIAL:

Mary T. Morsorley

21. TYPED NAME:

MARY T. MCSORLEY

22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR  
DIVISION OF MEDICAID & CHILDREN'S HEALTH

23. REMARKS:

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

**STATE:** Pennsylvania

**MORE LIBERAL METHODS OF TREATING INCOME  
UNDER SECTION 1902(r)(2) OF THE ACT\***

☐ Section 1902(f) State

☒ Non-Section 1902(f) State

**(A) AFDC-related**

- (1) Lump Sum – For AFDC-related categorically needy nonmoney payment and medically needy only applicants and recipients, the receipt of a lump sum, which is normally treated as a resource, will be treated as income in accordance with the AFDC State Plan when it would be more beneficial to the applicant and recipient to treat the lump sum as income rather than a resource.
- (2) Work Expense Deduction –
  - A. AFDC-related categorically needy nonmoney payment applicants or recipients with earned income are entitled to work expense deduction of \$120.
  - B. AFDC-related medically needy only applicants or recipients with earned income are entitled to work expense deduction of actual and verified monthly work expenses or \$120, whichever is greater.
- (3) Self-Employment Deduction – AFDC-related medically needy only applicants and recipients with self-employment income are given a deduction for depreciation, personal business and entertainment expenses, personal transportation, purchase of capital equipment, and payments on the principal of loans for capital assets or durable goods.
- (4) Deduction of Recurring Medical Expenses – AFDC-related medically needy only applicants and recipients are permitted to project verified recurring and predictable medical expenses for the 6-month eligibility period.

\* More liberal methods may not result in exceeding gross income limitations under section 1903(f).

Revision: HCFA-PM-91-4 (BPD)  
August 1991

SUPPLEMENT 8a to ATTACHMENT 2.6-A  
Page 1a  
OMB No.: 0938-

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

STATE: Pennsylvania

**MORE LIBERAL METHODS OF TREATING INCOME  
UNDER SECTION 1902(r)(2) OF THE ACT\***

☐ Section 1902(f) State

☒ Non-Section 1902(f) State

(A) AFDC-related (Continued)

- (5) Exclusion of Income From Providing Care in an Approved Family Day Care Home – For AFDC-related categorically needy nonmoney payment and medically needy only applicants and recipients, the income received from providing child day care for children in an approved family day care home is excluded.
- (6) 50% Work Incentive Deduction – For AFDC-related categorically needy nonmoney payment and medically needy only applicants and recipients, each employed person may qualify for the work incentive deduction if the employed person has been receiving Medicaid or cash assistance within four months before the calendar month of application for Medicaid. There is no time limit for receipt of the work incentive deduction.
- (7) Work-Related Dependent Care Deduction – For AFDC-related medically needy only applicants and recipients, the actual work-related cost of care of dependent children or a sick or disabled adult living in the home of the applicant or recipient is allowed if care cannot be provided by other family members, and if no other sound plan can be made for their care.

\* More liberal methods may not result in exceeding gross income limitations under section 1903(f).

TN No. 03-005

Approval Date

Effective Date October 1, 2003

Supersedes

MAR 18 2004

TN NO. 91-33

HCFA ID:

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

**STATE:** Pennsylvania

**ELIGIBILITY UNDER SECTION 1931 OF THE ACT**

X The agency uses less restrictive income and/or resource methodologies than those in effect as of July 16, 1996 as follows:

1. \$120 Work Expense Deduction of all earned income.
2. 50% (if applicable) of all earned.
3. Exclude income-in-kind as income.
4. Exclude as income student financial assistance provided for educational expenses unless granted solely to meet basic living needs.

The income and/or resource methodologies that the less restrictive methodologies replace are as follows:

2. Income-in-kind income was counted.
3. Student financial assistance unless excluded was counted as income.

The agency terminates Medicaid (except for certain pregnant women and children) for individuals who fail to meet TANF Work requirements.

The agency continues to apply the following waivers of provisions of Part A of Title IV in effect as of July 16, 1996, or submitted prior to August 22, 1996 and approved by the Secretary on or before July 1, 1997.

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TN No. 03-005 Approval Date MAR 18 2004 Effective Date October 1, 2003  
Supercedes  
TN NO. 97-006 HCFA ID:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Pennsylvania

**THE ELIGIBILITY GROUPS COVERED BY LESS RESTRICTIVE INCOME  
METHODOLOGIES INCLUDE THOSE LISTED IN SOCIAL SECURITY ACT SECTIONS  
1902(a)(10)(A)(i)(III), (a)(10)(A)(i)(IV), (a)(10)(A)(i)(VI), (a)(10)(A)(i)(VII), (a)(10)(A)(ii)(IX) and  
(a)(10)(C)(i)(III) PERMITTED UNDER §1902(r)2) OF THE SOCIAL SECURITY ACT AS  
ADDED BY §303(e) OF THE MEDICARE CATASTROPHIC COVERAGE ACT OF 1988**

**INCOME**

10.a, e(1), f(1) – AFDC

- (1) Exclusion of Income From Providing Care in an Approved Family Day Care Home – For AFDC-related categorically needy nonmoney payment and medically needy only applicants and recipients, the income received from providing child day care for children in an approved family day care home is excluded.
- (2) 50% Work Incentive Deduction – For AFDC-related categorically needy nonmoney payment and medically needy only applicants and recipients, each employed person may qualify for the work incentive deduction if the employed person has been receiving Medicaid or cash assistance within four months before the calendar month of application for Medicaid. There is no time limit for receipt of the 50% work incentive deduction.
- (3) Work-Related Dependent Care Deduction – For AFDC-related medically needy only applicants and recipients, the actual work-related cost of care of dependent children or a sick or disabled adult living in the home of the applicant or recipient is allowed if care cannot be provided by other family members, and if no other sound plan can be made for their care.

The total amount of income which will be excluded under these less restrictive policies will not exceed the difference between the medically needy standard and 133 1/3 percent of the AFDC payment standard applicable to a family of the same size without any income.